

Energy Situation Analysis Report

Last Updated: February 25, 2003

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Latest Oil Market Developments

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Crude oil prices fell slightly on Tuesday, February 25, after U.S. President George W. Bush said it was time for Iraqi leader Saddam Hussein to fully disarm or face military action. Crude oil for April delivery settled at \$36.06 per barrel on February 25 on the New York Mercantile Exchange, down 42 cents from Monday's close. Oil was pulled down from earlier gains by a drop in heating-oil futures from a record high. Heating oil for March delivery on the New York exchange fell to \$1.12 a gallon after trading at \$1.18 earlier Monday amid frigid weather in the U.S. Northeast, the nation's biggest user of heating oil. The new high surpassed the previous all-time high of \$1.15 set in December 1979, a year after the NYMEX launched trading on heating oil futures. [more...](#)

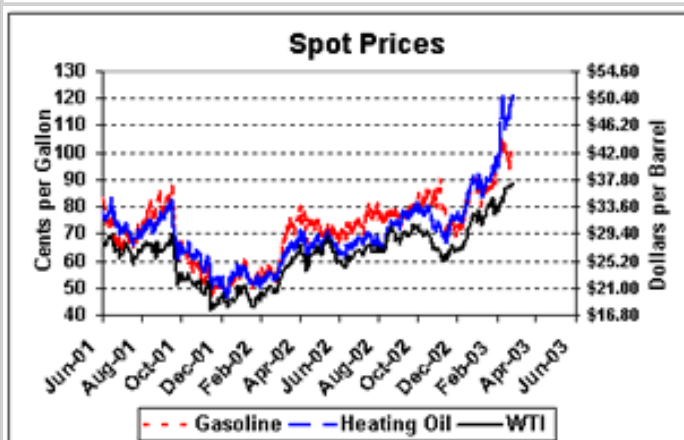
Latest U.S. Weekly EIA Petroleum Information

The U.S. average retail price for regular gasoline fell last week after rising for ten weeks in a row, decreasing by 0.2 cents per gallon as of February 24 to end at \$1.658 cents per gallon, nearing the all-time high of \$1.71 gallon reached in mid-May 2001. However, when inflation is taken into account, these prices are still much lower than those reached two decades ago. The record inflation-adjusted "real price" (in 2003 dollars) of motor gasoline

Energy Prices*

Petroleum Futures			
(near month)	2/24/03	2/21/03	Change
WTI (\$/Bbl)	36.48	35.58	+0.90
Gasoline (c/gallon)	104.75	101.28	+3.47
Heating Oil (c/gallon)	114.67	110.85	+3.82
Natural Gas (\$/MMBtu)			
Henry Hub	12.26	6.74	+5.52
California	9.03	5.83	+3.20
New York City	24.91	9.65	+15.26
Electricity (\$/Megawatthour)			
COB	78.67	53.94	+24.73
PJM West	82.69	59.33	+23.36
NEPOOL	110.50	82.00	+28.50
Average	81.49	60.17	+21.32

[*Definitions](#)



Source: Closing quote as reported by Reuters News Service

was about \$2.90 per gallon in March 1981. [more...](#)

World Oil Market Highlights

As of early February 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 2 and 2.5 million barrels per day of excess oil production capacity that could be brought online. Around 70 percent of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in other Persian Gulf countries. [more...](#)

Latest U.S. Weekly Natural Gas Information

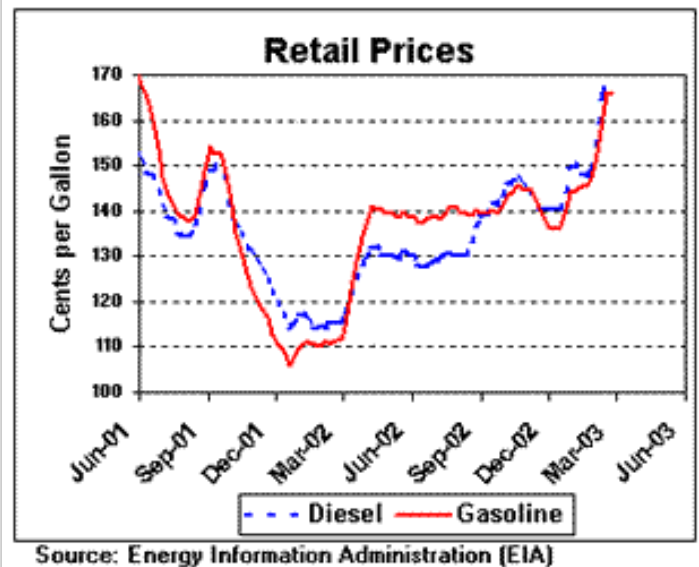
Spot natural gas prices have surged since Wednesday, February 19, climbing between \$1.75 and \$10.00 per MMBtu at most market locations—in many cases prices were more than double last Wednesday's levels. Most of these gains occurred on Monday, February 24, as freezing temperatures expected to move eastward from the Midwest increased demand for natural gas. The steepest increases since last Wednesday occurred in the Northeast, Midwest, and MidContinent regions where price spikes ranged from \$10.01 to \$19.02 per MMBtu. Prices at the New York citygate more than tripled, climbing to \$24.91 per MMBtu. Prices on the Algonquin system, which serves the New England region, more than doubled since last Wednesday, climbing to \$18.37 per MMBtu. Similarly, prices at the Henry Hub climbed over 100 percent to average \$12.26 on Monday, February 24, which is the highest price at the Henry Hub since December 29, 2000, when it was \$10.52 per MMBtu. [more...](#)

Latest U.S. Coal Information

Spot coal prices tracked by EIA in the over-the-counter (OTC) market were mixed for the week ended February 7 versus the prior week (see graph below). The Northern Appalachian spot price gained \$0.40 per short ton, the Powder River Basin price was unchanged at \$6.20 per short ton, and Central Appalachian, Illinois Basin, and Uinta Basin prices each lost \$0.25 per short ton. [more...](#)

Latest U.S. Electricity Information

In the Western United States, higher natural gas prices, an increase in heating demand, and repair and maintenance outages at several California power plants put upward pressure on electricity prices over the past two trading days. At Mid-Columbia, a benchmark for the Northwest, prices went from \$47.50 per megawatt-hour on February 20 to a seven-day high of \$74.63 on February 24. In the Midwest, prices increased during the last two trading days as colder weather kept customer demand high. At the



Cinergy Trading Center, prices jumped to a seven-day high of \$81.15 per megawatthour on February 24 after reaching a seven-day low of \$38.14 on February 20. In the Northeast, electricity prices were generally higher on February 21 and 24 as colder temperatures increased customer demand. In the Southeast, significantly higher natural gas prices increased electricity prices on February 24. Prices within the SERC trading area went from \$47.79 per megawatthour on February 21 to a weekly high of \$69.09 on February 24. [more...](#)

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Latest Oil Market Developments

(updated February 25, 2003)

The West Texas Intermediate (WTI) crude oil near-month futures price on the New York Mercantile Exchange (NYMEX) continued climbing on Monday, February 24, to \$36.48 per barrel, supported by yet another bout of cold weather in the U.S. and the continued confrontation with Iraq. The United States, the United Kingdom, and Spain introduced a new draft resolution on February 24 declaring that Iraq had squandered its "final opportunity" to disarm. News that strike-hit Venezuela had partially lifted a force majeure for exports of some grades of crude oil had little impact on the day's trading.

Crude oil prices fell slightly on Tuesday, February 25, after U.S. President George W. Bush said it was time for Iraqi leader Saddam Hussein to fully disarm or face military action. Crude oil for April delivery settled at \$36.06 per barrel on February 25 on the New York Mercantile Exchange, down 42 cents from Monday's close. Oil was pulled down from earlier gains by a drop in heating-oil futures from a record high. Heating oil for March delivery on the New York exchange fell to \$1.12 a gallon after trading at \$1.18 earlier Monday amid frigid weather in the U.S. Northeast, the nation's biggest user of heating oil. The new high surpassed the previous all-time high of \$1.15 set in December 1979, a year after the NYMEX launched trading on heating oil futures.

Mediation efforts continue in an effort to resolve the general strike in [Venezuela](#), now in its 85th day. Venezuela's crude output will jump nearly 500,000 barrels per day this week due to government efforts to restore the strike-hit oil industry, state oil firm Petroleos de Venezuela (PdVSA) said on Sunday. The government has so far managed to increase oil production to just over 2 million barrels per day, PdVSA President Ali Rodriguez said. Venezuela's strike-hit, extra-heavy oil project Sincor is in the process of restarting major processing units but short-term output will be determined by natural gas supplies, a project official said. Dissident workers from PdVSA who joined the stoppage and were later fired by Chavez pegged output at 1.5 million barrels per day. Venezuela's oil output prior to the strike, which began the first week of December 2002, had been averaging almost 3 million barrels per day. It is estimated that 12,514 PdVSA workers have been dismissed by the government-controlled company, about one-third of the pre-strike PdVSA work force.

Oil prices have been pushed sharply higher in recent months (up over 45% since mid-November) by generally falling commercial crude oil stocks in the United States and continued fears that a war with Iraq could adversely affect Middle Eastern oil supplies as well. Iraq's oil exports under the U.N. "Oil-for-Food" program were at 1.63 million barrels per day last week. Oil markets fear that if a war with Iraq were to occur while Venezuelan oil exports remain far below normal levels, this could strain the world's existing spare oil output capacity (estimated at 2.0-2.5 million barrels per day) to its limit. Nearly all of

this "excess capacity" is located in OPEC member countries, particularly Saudi Arabia (1.3-1.8 million barrels per day) the UAE (300,000 barrels per day), and Qatar (110,000 barrels per day), all of which are located in the Persian Gulf region.

Other issues related to **world oil markets** include:

- International Energy Agency Executive Director Claude Mandil said that the IEA was ready to respond quickly to a supply disruption, if necessary, but added that "I believe the producers should act first. Reliance on strategic reserves should be a last resort." The U.S. is also prepared to act quickly and release oil from the U.S. Strategic Petroleum Reserve, should there be a need to do so, according to Department of Energy Secretary Spencer Abraham. "We would make that kind of decision on the release of reserves only in consultation with out (International Energy Agency) partners, in the event of an actual severe disruption of supply."
- The OPEC 10 (OPEC except Iraq), pumped 25.1 million barrels of oil a day in February, up from a revised January estimate of 23.1 million, according to tanker-tracker PetroLogistics Ltd.. The February estimate is 600,000 barrels per day above the new OPEC quotas. Venezuela's output rose to 1.98 million barrels a day, more than double last month's figure of 740,000 barrels per day. Indonesia and Venezuela were the only OPEC countries to produce below quota levels.
- The United States, the United Kingdom, and Spain introduced a new draft resolution on February 24 declaring that Iraq had squandered its "final opportunity" to disarm. The new resolution's operative paragraph stated that the Security Council "decides that Iraq has failed to take the final opportunity afforded it in resolution 1441." France and Germany came out strongly against the draft resolution, and introduced a rival proposal that would extend U.N. inspections for at least four months. Russia backed the French proposal as did China, with some reservations. British Foreign Secretary Jack Straw said the resolution would provide Iraq with a window of about "two weeks or so" to disarm or face military action.
- As of February 25, 2003, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 599.3 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

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Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.



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Latest U.S. Weekly EIA Petroleum Information

(last complete update: February 20, 2003)

Petroleum Inventories

U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 3.1 million barrels, but are 50.4 million barrels below the level last year at this time. Crude oil inventories in PADD II (Midwest) are the lowest ever since EIA has kept regional inventory data. Distillate fuel inventories fell by 4.6 million barrels, with significant declines in both low-sulfur distillate fuel (diesel fuel) and high-sulfur distillate fuel (heating oil). Motor gasoline inventories fell by 1.4 million barrels last week and are near the low end of the normal range. Total commercial petroleum inventories, at 905.7 million barrels, are 121.8 million barrels less than last year at this time.

Crude oil inventories in PADD II (Midwest) fell to just 50.3 million barrels, the lowest level since EIA has kept PADD-specific inventory levels (dating back to August 1989). This is important because PADD II includes Cushing, Oklahoma, where physical barrels are traded for West Texas Intermediate (WTI) crude oil, the U.S. benchmark crude oil. If inventories get particularly tight at Cushing then upward pressure on prompt WTI prices could develop, which may lead to higher prompt prices for other crude oils in the United States and elsewhere in the Americas.

U.S. inventories of propane fell by more than 3.5 million barrels last week, just ahead of the devastating snowstorm that nearly paralyzed major portions of the Middle Atlantic and Northeast states. As of the week ending February 14, 2003, U.S. propane inventories stood at an estimated 25.9 million barrels, a level that continued to track slightly below the normal range for the second week in a row. The February draw through mid-month, at 6.4 million barrels, is more than 20 percent above the monthly draw averaged over the past 5 years and may even surpass the record 10.1 million-barrel draw set during February 1995. Regional declines in inventories followed recent patterns with the Gulf Coast bearing the brunt of the weekly stock draw, falling by 2.4 million barrels, followed by the Midwest region which reported a nearly 0.7 million barrel draw last week. During this same period, East Coast inventories fell a relatively modest 0.3 million barrels, although once the full effects of last week's snowstorm are felt, it could be expected the region would face steep declines as consumers rush to replenish their tanks before the end of winter.

Petroleum Imports

U.S. crude oil imports (including imports going into the Strategic Petroleum Reserve) averaged nearly 8.8 million barrels per day last week, the largest weekly average since the week ending December 20. Crude oil imports have averaged 8.25 million barrels per day over the last four weeks, or about 400,000 barrels per day less than averaged during the same four-week period last year. Although the origins of weekly crude oil imports are very preliminary and thus not published, it appears that imports from Venezuela are increasing. However, crude oil imports from Venezuela continue to be much lower than normal. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged over 700,000 barrels per day last week, while distillate fuel imports averaged 600,000 barrels per day.

Monthly data on the origins of U.S. crude oil imports in December 2002 has been released and it shows that three countries each exported more than 1.4 million barrels per day of crude oil to the United States (see table below). The top sources of U.S. crude oil imports in December 2002 were Saudi Arabia (1.815 million barrels per day), Mexico (1.734 million barrels per day), and Canada (1.490 million barrels per day). This is the largest monthly amount of crude oil imported from Saudi Arabia since August 2001. Rounding out the top ten sources, in order, were Venezuela (0.652 million barrels per day), Nigeria (0.625 million barrels per day), United Kingdom (0.376 million barrels per day), Iraq (0.366 million barrels per day), Angola (0.312 million barrels per day), Colombia (0.248 million barrels per day), and Kuwait (0.190 million barrels per day). Imports from Venezuela were slightly more than half of what was averaged during the first 11 months of the year, as Venezuelan exports were severely curtailed for much of December following the general strike in that country. Total crude oil imports averaged 8.619 million barrels per day in December, a decline of more than 900,000 barrels per day from November, and represents the lowest level since February 2001. The top three origins accounted for 58 percent of these U.S. crude oil imports in December, while the top ten sources accounted for nearly 91 percent of all U.S. crude oil imports.

Refinery Inputs and Production

U.S. crude oil refinery inputs averaged 14.3 million barrels per day during the week ending February 14, the first week it has averaged above 14 million barrels since the week ending January 24. Most of the increase in crude oil refinery inputs from the previous week resulted in an increase in distillate fuel refinery output, as there was very little change in both motor gasoline and jet fuel refinery production.

Petroleum Demand

Total product supplied over the last four-week period averaged nearly 20.2 million barrels per day, or about 4.3 percent more than the same period last year. Over the last four weeks, motor gasoline demand is up 1.1 percent, and distillate fuel demand is up 19.7 percent compared to the same period last year. Kerosene-type jet fuel demand is 1.1 percent less than last year over the latest four-week period.

Spot Prices

The average world crude oil price on February 21, 2003 was \$31.22 per barrel, \$0.23 more than last week and \$12.86 more than last year. The spot price for conventional gasoline in the New York Harbor was 98.75 cents per gallon, 0.27 cents above last week and 43.82 cents higher than a year ago. The

spot price for No. 2 heating oil in the New York Harbor was 117.0 cents per gallon, 4.30 cents higher than last week and 62.50 cents more than last year.

Average U.S. Retail Gasoline Price Ends Its Ten Week Climb

The U.S. average retail price for regular gasoline fell last week after rising for ten weeks in a row, decreasing by 0.2 cents per gallon as of February 24 to end at 165.8 cents per gallon. This average retail price is 54.2 cents per gallon higher than a year ago. Prices were mixed throughout the country, with the largest increase occurring on the West Coast, where prices rose 6.1 cents to end at 184.7 cents per gallon. California saw prices hit 192.2 cents per gallon, which is the highest it has been since June 18, 2001. Prices fell on the East Coast and in the Midwest, with prices in the Midwest falling by 4.1 cents to end at 162.4 cents per gallon.

Retail diesel fuel prices increased for the sixth straight week, rising 0.5 cents to a national average of 170.9 cents per gallon as of February 24. This was the highest diesel price since EIA began recording this data, topping last week's record price. Retail diesel prices were up throughout most of the country, with the largest price increase occurring in the Rocky Mountains, where prices rose 3.0 cents per gallon to end at 166.8 cents per gallon. Prices dropped on the East Coast by 0.2 cents, but prices in New England still rose by 0.3 cents to hit 188.8 cents per gallon, the highest price in the nation.

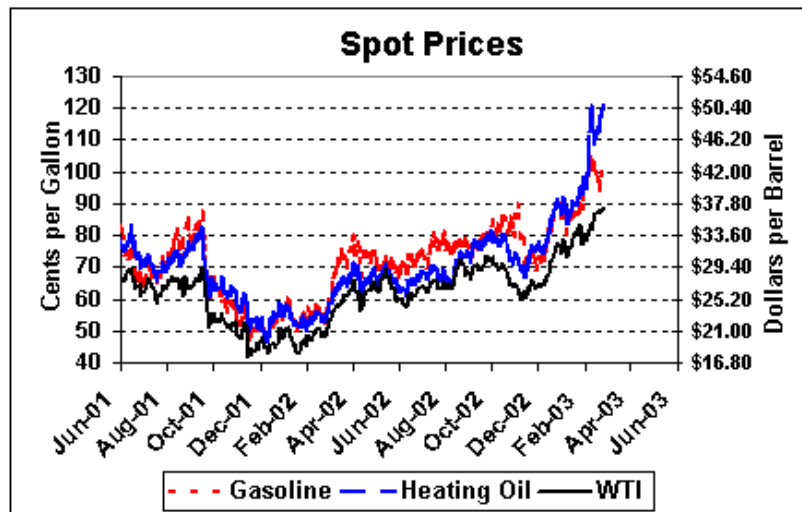
Residential Retail Heating Fuel Prices Take Slight Jump

Residential heating oil prices increased slightly during the period ending February 17, 2003. The average residential heating oil price was 173.1 cents per gallon, up 1.5 cents per gallon from the previous week. Residential heating oil prices are 57.1 cents per gallon higher than last year at this time. Wholesale heating oil prices had a decrease of 6.0 cents per gallon this week, dropping to 116.1 cents per gallon. If sustained, the decline in wholesale prices could portend a decline in retail prices in coming weeks.

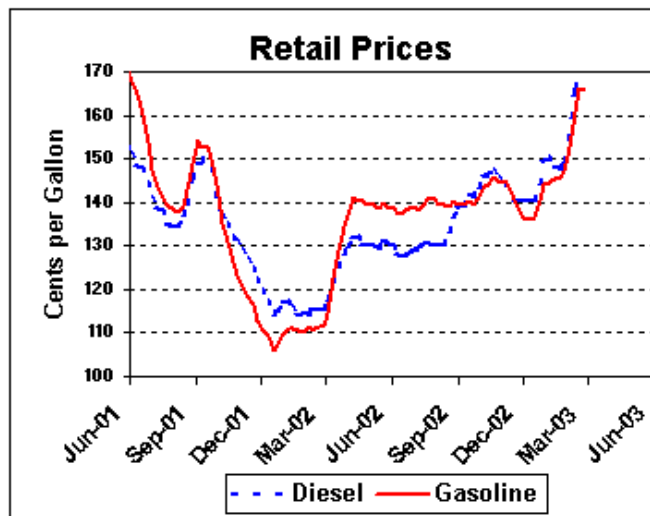
Residential propane prices increased 1.3 cents per gallon from 148.3 cents to 149.6 cents per gallon, and are 36.8 cents higher than a year ago. Wholesale propane prices decreased 8.8 cents per gallon, from 85.1 cents to 76.3 cents per gallon. Like heating oil prices, if sustained, the decline in wholesale propane prices could foreshadow declining retail propane prices in coming weeks.

U.S. Petroleum Prices

(updated February 25, 2003)



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)

Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
1/7/2003	\$31.20	\$31.08	81.75	84.18	84.95	84.88	86.58	54.82	52.50	145.4	147.8
1/8/2003	\$30.66	\$30.56	80.25	83.51	83.46	83.21	84.21	54.44	52.69		
1/9/2003	\$31.95	\$31.99	86.98	89.25	87.28	87.50	88.03	55.50	53.63		
1/10/2003	\$31.59	\$31.68	84.48	87.19	86.10	86.53	86.75	55.50	53.75		
1/13/2003	\$32.08	\$32.26	86.03	89.90	87.78	88.38	89.13	56.63	54.00		
1/14/2003	\$32.42	\$32.37	86.18	89.16	89.25	89.16	90.38	57.13	55.57	145.9	148.0
1/15/2003	\$33.23	\$33.21	86.70	90.43	90.36	90.86	90.71	58.82	57.19		
1/16/2003	\$33.58	\$33.66	87.15	90.76	89.09	89.67	90.37	60.13	60.38		
1/17/2003	\$33.88	\$33.91	87.30	91.11	89.25	89.86	90.48	60.25	59.94		
1/20/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
1/21/2003	\$34.62	\$34.61	86.80	90.10	89.27	89.47	89.92	59.57	57.75	147.3	149.2
1/22/2003	\$34.32	\$32.85	86.40	89.93	91.00	91.19	91.73	59.75	57.44		
1/23/2003	\$33.90	\$32.25	86.75	89.81	91.50	91.53	92.23	60.19	58.38		
1/24/2003	\$34.98	\$33.28	89.78	92.25	94.75	95.02	95.63	61.38	58.94		
1/27/2003	\$32.43	\$32.29	88.35	90.15	93.73	93.43	94.38	60.00	58.88		
1/28/2003	\$32.70	\$32.67	90.95	92.72	93.00	93.04	93.60	68.25	61.25	152.7	154.2
1/29/2003	\$33.54	\$33.63	95.59	97.13	96.73	97.13	96.75	77.00	64.69		
1/30/2003	\$33.78	\$33.85	97.05	98.69	98.08	98.05	98.48	71.38	64.88		
1/31/2003	\$33.51	\$33.51	95.60	97.56	95.83	95.88	96.33	72.38	65.57		
2/3/2003	\$32.84	\$32.76	94.69	95.68	94.85	91.81	96.55	65.38	65.25		
2/4/2003	\$33.61	\$33.58	98.80	100.06	99.05	96.19	101.93	67.25	67.25	160.7	166.2
2/5/2003	\$33.91	\$33.93	101.30	103.15	103.80	99.40	106.55	70.19	69.25		
2/6/2003	\$34.36	\$34.16	101.00	102.83	112.50	102.71	115.38	70.19	69.25		
2/7/2003	\$35.05	\$35.12	104.38	106.70	120.50	109.57	122.00	74.25	74.25		
2/10/2003	\$34.46	\$34.48	100.53	102.75	114.48	104.43	116.35	72.25	72.25		
2/11/2003	\$35.43	\$35.44	103.50	105.59	112.71	105.76	115.08	69.25	68.25	166.0	170.4
2/12/2003	\$35.83	\$35.77	100.85	103.36	108.58	103.05	108.51	64.50	64.50		
2/13/2003	\$36.63	\$36.36	100.48	103.14	110.28	105.28	110.53	62.75	61.88		
2/14/2003	\$36.61	\$36.80	98.48	102.23	112.70	106.07	113.70	64.69	62.75		
2/17/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
2/18/2003	\$36.88	\$36.96	96.78	99.45	113.24	106.54	114.54	64.69	62.75	165.8	170.9
2/19/2003	\$37.02	\$37.16	97.00	100.22	116.73	109.93	117.93	67.13	64.13		
2/20/2003	\$36.45	\$36.79	94.08	96.58	112.40	105.87	115.90	68.75	68.00		
2/21/2003	\$36.76	\$35.58	98.75	101.28	117.00	110.85	120.50	72.00	69.25		
2/24/2003	\$37.29	\$36.48	102.93	104.75	120.73	114.67	123.60	81.00	73.25		

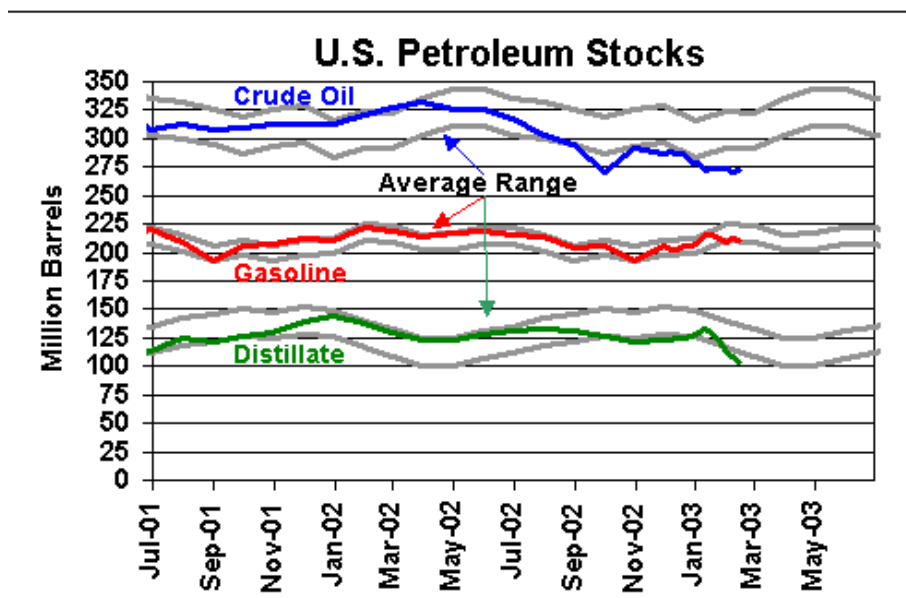
Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

2/24/2003	\$37.29	\$36.48	102.93	104.75	120.73	114.67	123.60	81.00	73.25	165.8	170.9
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Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	2/14/2003	2/14/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	14,080	14,370	-290	-2.0%
Operable Capacity	16,800	16,801	-1	0.0%
Operable Capacity Utilization (%)	84.9%	86.9%	-2.0%	
Production				
Motor Gasoline	7,939	8,134	-195	-2.4%
Jet Fuel	1,436	1,465	-29	-2.0%
Distillate Fuel Oil	3,289	3,495	-206	-5.9%
Imports				
Crude Oil (incl. SPR)	8,254	8,644	-390	-4.5%
Motor Gasoline	736	713	23	3.2%
Jet Fuel	79	101	-22	-21.5%
Distillate Fuel Oil	459	264	195	74.1%
Total	10,619	10,811	-192	-1.8%
Exports				
Crude Oil	10	8	2	29.0%
Products	902	974	-72	-7.4%
Total	912	983	-71	-7.2%
Products Supplied				
Motor Gasoline	8,476	8,385	91	1.1%
Jet Fuel	1,544	1,559	-15	-1.0%
Distillate Fuel Oil	4,554	3,803	751	19.7%
Total	20,151	19,312	839	4.3%
Stocks (Million Barrels)				
	2/14/2003	2/14/2002	Diff.	% Diff.
Crude Oil (excl. SPR)	272.9	323.3	-50.4	-15.6%
Motor Gasoline	211.2	220.2	-9.0	-4.1%
Jet Fuel	38.7	41.1	-2.4	-5.8%
Distillate Fuel Oil	103.6	134.2	-30.6	-22.8%
Total (excl. SPR)	905.7	1,027.5	-121.8	-11.9%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

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World Oil Market Highlights

(updated February 11, 2003)

As of early February 2003, EIA estimates that OPEC countries excluding Iraq and Venezuela hold between 2 and 2.5 million barrels per day of excess oil production capacity that could be brought online. Around 70% of this spare capacity is located in one country -- Saudi Arabia -- with nearly all the rest located in four Persian Gulf countries: UAE, Qatar, Kuwait, and Iran. The estimates included in the table below incorporate the 1.5 million-barrel-per-day increase to the OPEC-10 production ceiling announced on January 12, 2003, as well as recent unrest in Venezuela.

OPEC Crude Oil Production ¹ (Thousand barrels per day)						
	December 2002 Production	January 2003 Production	February 2003 Production	2/01/03 Quota ²	Production Capacity ³	February Surplus Capacity ³
Algeria	1,000	1,050	1,050	782	1,100	50
Indonesia	1,050	1,025	1,025	1,270	1,050	25
Iran	3,560	3,600	3,700	3,597	3,750	50
Kuwait ⁴	1,970	2,000	2,125	1,966	2,200	75
Libya	1,350	1,350	1,370	1,312	1,400	30
Nigeria	2,050	2,100	2,225	2,018	2,300	75
Qatar	700	700	740	635	850	110
Saudi Arabia ⁴	8,100	8,500	8,700	7,963	10,000- 10,500 ⁵	1,300-1,800 ⁵
UAE ⁶	2,040	2,050	2,200	2,138	2,500	300
Venezuela ⁷	1,100	614	1,400	2,819	1,400	0
OPEC 10 Crude Oil Total	22,920	22,989	24,535	24,500	26,550- 27,050⁵	2,015-2,515⁵
Iraq ⁸	2,315	2,455	2,315	N/A	2,900	585
OPEC Crude Oil Total	25,235	25,444	26,850	N/A	29,450- 29,950⁵	2,600-3,100⁵
Other Liquids ⁹	2,761	2,761	2,761	N/A		
Total OPEC Production	27,996	28,205	29,611	N/A		

NA: Not Applicable

1Crude oil does not include lease condensate or natural gas liquids.

2Quotas are based on crude oil production only.

3Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.

4Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.

5 Saudi Arabia is the only country with the capability to further increase its capacity significantly within 90 days. Saudi Arabia can increase its sustainable production capacity to 10 million barrels per day within 30 days and to 10.5 million barrels per day within 90 days. As a result, the estimates for Saudi Arabia are as shown as a range, with the lower figure using the 30 days' definition and the upper end reflecting Saudi Arabia's 90 days' capability. OPEC's surplus capacity estimates are also shown as a range for this reason.

6The UAE is a federation of seven emirates. The quota applies only to the emirate of Abu Dhabi, which controls the vast majority of the UAE's economic and resource wealth.

7Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion. It has been estimated that it would take 4 months from the end of the current crisis for Venezuela to restore its pre-strike production capacity. Venezuelan production projections assume production remains at current levels.

8Iraqi oil exports are approved by the United Nations under the oil-for-food program for Iraq established by Security Council Resolution 986 (April 1995) and subsequent resolutions. As a result, Iraqi production and exports have not been a part of any recent OPEC agreements.

9Other liquids include lease condensate, natural gas liquids, and other liquids including volume gains from refinery processing.

Major Sources of U.S. Petroleum Imports, Jan.-November 2002* (all volumes in million barrels per day)			
	Total Oil Imports	Crude Oil Imports	Petroleum Product Imports
Canada	1.93	1.42	0.51
Saudi Arabia	1.53	1.49	0.04
Mexico	1.51	1.47	0.04
Venezuela	1.44	1.25	0.19
Nigeria	0.59	0.56	0.03
United Kingdom	0.48	0.41	0.07
Iraq	0.45	0.45	0.00
Norway	0.39	0.35	0.04
Angola	0.33	0.32	0.01
Total Imports	11.39	9.09	2.30

** Table includes all countries from which the U.S. imported more than 300,000 barrels per day of total oil in Jan.-Nov. 2002.*

Top World Oil Net Exporters, Jan.-Nov. 2002*	
Country	Net Exports (million barrels per day)

1)	Saudi Arabia	6.90
2)	Russia	5.07
3)	Norway	3.14
4)	Iran	2.48
5)	Venezuela	2.48
6)	United Arab Emirates	1.93
7)	Nigeria	1.86
8)	Mexico	1.68
9)	Kuwait	1.64
10)	Iraq	1.56
11)	Algeria	1.26
12)	Libya	1.20

**Table includes all countries with net exports exceeding 1 million barrels per day in Jan.-Nov. 2002.*

During the first eleven months of 2002, about half of U.S. crude oil imports came from the Western Hemisphere (17% from South America, 16% from Canada, 16% from Mexico, 1% from the Caribbean), while nearly one-fourth came from the Persian Gulf region (16% from Saudi Arabia, 5% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than does the United States. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Having provided this information, it is important to stress that oil is a "fungible" (interchangeable, traded on a world market) commodity, that a disruption of oil flows anywhere will affect the price of oil everywhere, and that the specific suppliers of oil to a particular country or region are not of enormous significance, at least from an economic point of view.

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Latest U.S. Weekly Natural Gas Information

(February 25, 2003)

[Industry/Market Developments](#)

Minerals Management Service Sets Plans for March Lease Sale: The Minerals Management Service (MMS) on Friday, February 14, announced the final terms of Sale 185 for oil and gas leases in the Central Gulf of Mexico. The sale, scheduled for March 19 in New Orleans, includes 4,460 available blocks covering about 23.4 million acres. Blocks are located between 3 and 210 miles offshore in depths between 13 and 11,237 feet. MMS estimates that undiscovered economically recoverable hydrocarbons range from 270 to 650 million barrels of oil and 1.59 to 3.30 Tcf of natural gas. Recent royalty relief measures will stay in place. In water depths less than 200 meters (approximately 650 feet), royalty suspension will occur for the first 20 Bcf of gas production from wells drilled to new reservoirs at 15,000 feet or greater. Relief will also be granted for 5 million barrels of oil equivalent (BOE) (about 28 Bcf) for production in water depths of 400 to 799 meters (approximately 1,300 to 2,600 feet), and for 9 million BOE (or 51 Bcf) in water depths from 800 to 1,599 meters (approximately 2,600 to 5,200 feet), and 12 million BOE (67 Bcf) in depths of 1,600 meters (approximately 5,200 feet) and greater.

LNG Imports Decline Slightly in 2002: Liquefied natural gas (LNG) imports into the continental United States in 2002 declined to 229 Bcf of natural gas equivalent, or roughly 4 percent from the 2001 level, according to filings with the Office of Fossil Energy (OFE). In total, the United States received LNG from seven countries in 2002. While LNG volumes from Trinidad (currently, the largest source of LNG to the United States) grew more than 50 percent to 151 Bcf, imports from Algeria (formerly the sole LNG supplier) declined by almost 60 percent to just 26.6 Bcf. The United States also received LNG from Qatar, Nigeria, Oman, Brunei, and Malaysia. In its first full year of operations in more than 20 years, the Elba Island terminal (located near Savannah, GA) received 16.8 Bcf, all of which was imported by El Paso Global from Trinidad. Distrigas Corp. imported nearly 110 Bcf, an increase of 20 Bcf from 2001, at its Everett terminal (located near Boston, MA). All the imports received at the Everett terminal originated in Trinidad. Finally, the Lake Charles, LA., terminal received 102 Bcf, down from 145 Bcf in the previous year. BG LNG Services (owned by British Gas), CMS Marketing, and a Shell subsidiary were active in bringing LNG from a variety of countries into the Lake Charles terminal.

[Natural Gas Storage](#)

Working gas in storage was 1,168 Bcf for the week ended Friday, February 14, 2003, according to the EIA Weekly Natural Gas Storage Report. This is roughly 27 percent below the 5-year average for the report week, and more than 42 percent below the level last year for the same week. However, inventories were nearly 9 percent above the level reported 2 years ago at this time. The implied net withdrawal for the week was 203 Bcf, which is more than double the 5-year average of 92 Bcf for the week.

All Volumes in Bcf	Current Stocks 2/14/2003	Estimated Prior 5-year (1998-2002) Average	Percent Difference from 5-Year Average	Implied Net Change from Last Week	One- Week Prior Stocks 2/7/2003
East Region	594	920	-35.4%	-122	716
West Region	241	213	13.1%	-27	268
Producing Region	333	470	-29.1%	-54	387
Total Lower 48	1,168	1,604	-27.2%	-203	1,371

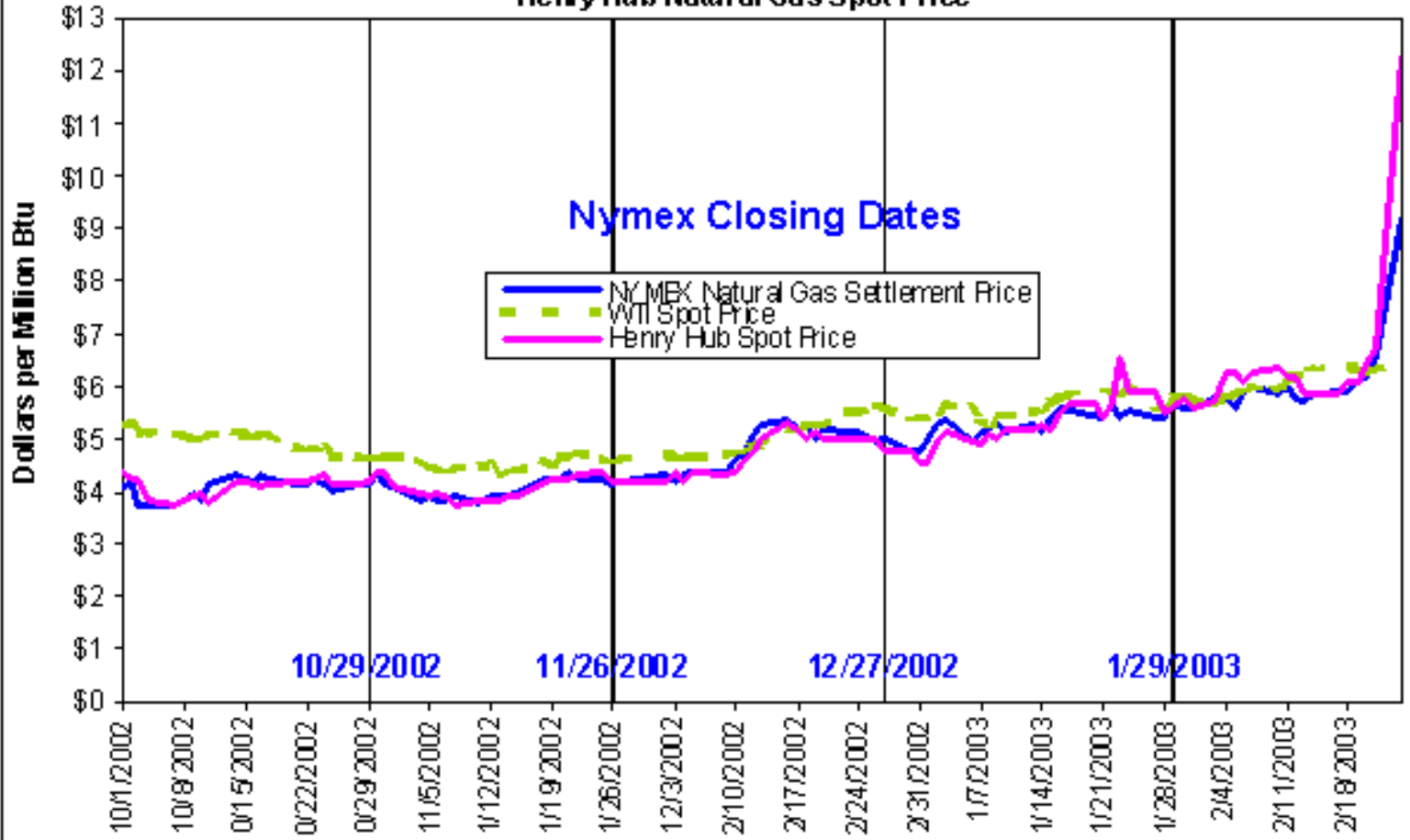
Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database.

Prices:

Spot prices have surged since Wednesday, February 19, climbing between \$1.75 and \$10.00 per MMBtu at most market locations—in many cases prices were more than double last Wednesday's levels. Most of these gains occurred on Monday, February 24, as freezing temperatures expected to move eastward from the Midwest increased demand for natural gas. The steepest increases since last Wednesday occurred in the Northeast, Midwest, and MidContinent regions where price spikes ranged from \$10.01 to \$19.02 per MMBtu. Prices at the New York citygate more than tripled, climbing to \$24.91 per MMBtu. This is the highest that prices have been at the New York citygate since December 2000 when the price crested at \$37.85. Prices on the Algonquin system, which serves the New England region, more than doubled since last Wednesday, climbing to \$18.37 per MMBtu. Similarly, prices at the Henry Hub climbed over 100 percent to average \$12.26 on Monday, February 24, which is the highest price at the Henry Hub since December 29, 2000, when it was \$10.52 per MMBtu.

At the NYMEX, the price of the futures contract for March delivery at the Henry Hub increased by about \$3.003 per MMBtu or over 48 percent since Wednesday, February 19, to settle at \$9.137 per MMBtu on Monday, February 24. Most of this gain occurred on Monday as the March futures price jumped \$2.531 per MMBtu. The price of the futures contracts for April 2003 delivery, the first month of the injection season, increased by roughly \$1.71 per MMBtu to \$7.622 since last Wednesday. The March contract is set to expire Wednesday, February 26. Nevertheless, the basis differential between the Henry Hub spot price and the March futures contract has widened since last week as the Henry Hub spot price has climbed \$3.12 per MMBtu above the futures price.

**NYMEX Natural Gas Futures Near-Month Contract Settlement
Price, West Texas Intermediate Crude Oil Spot Price, and
Henry Hub Natural Gas Spot Price**



Note: The West Texas Intermediate crude oil price, in dollars per barrel, is converted to \$/MMBtu using a conversion factor of 5.80 MMBtu per barrel. The dates marked by vertical lines are the NYMEX near-month contract settlement dates.

Source: NGI's *Daily Gas Price Index* (<http://intelligencepress.com>)

Trade Date (All prices in \$ per MMBtu)	California Composite Average Price*	Henry Hub	New York City	Chicago	NYMEX futures contract- March delivery	NYMEX futures contract- April delivery
1/27/2003	5.12	5.92	12.66	5.67	5.291	4.965
1/28/2003	4.86	5.50	7.33	5.42	5.359	5.000
1/29/2003	4.90	5.62	7.37	5.50	5.629	5.234
1/30/2003	5.10	5.76	7.42	5.62	5.583	5.270
1/31/2003	4.93	5.58	6.41	5.45	5.605	5.345
2/3/2003	5.02	5.72	6.53	5.70	5.766	5.485
2/4/2003	5.24	6.26	8.02	6.27	5.762	5.512
2/5/2003	5.27	6.24	7.39	6.25	5.644	5.414
2/6/2003	5.19	6.08	7.15	6.11	5.828	5.578
2/7/2003	5.30	6.29	7.70	6.30	6.043	5.780
2/10/2003	5.42	6.34	8.25	6.40	5.852	5.617
2/11/2003	5.39	6.19	9.87	6.38	5.977	5.722
2/12/2003	5.43	6.20	10.92	6.27	5.785	5.560
2/13/2003	5.27	5.84	9.30	5.88	5.740	5.550
2/14/2003	5.25	5.87	10.49	5.92	5.851	5.644
2/18/2003	5.41	6.10	10.11	6.12	5.911	5.710
2/19/2003	5.38	6.10	7.88	6.12	6.134	5.909
2/20/2003	5.61	6.39	7.75	6.39	6.162	5.980
2/21/2003	5.83	6.74	9.65	7.48	6.606	6.318
2/24/2003	9.03	12.26	24.91	14.41	9.137	7.622

* Average of NGI's reported average prices for: Malin, PG&E citygate, and Southern California Border Average.

Source: NGI's Daily Gas Price Index (<http://intelligencepress.com>)

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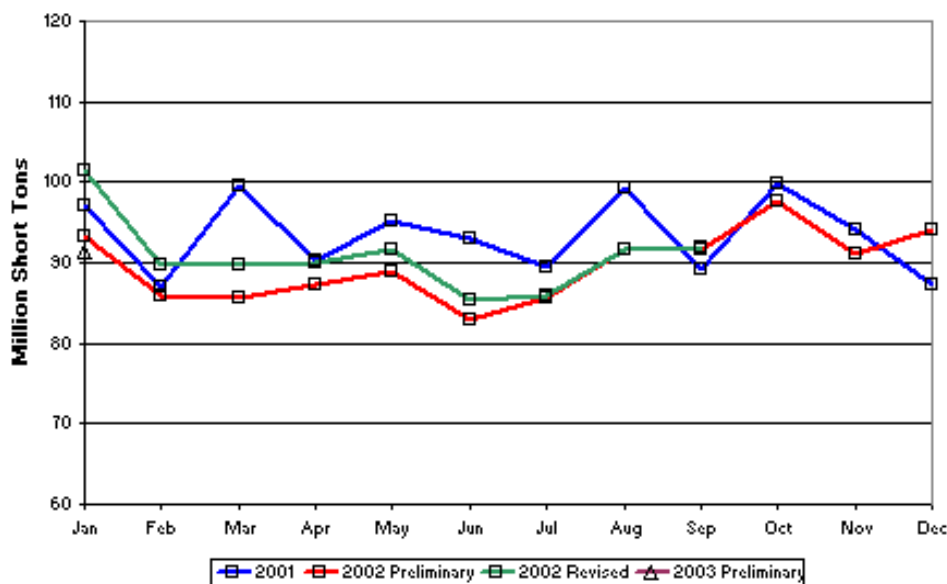
Latest U.S. Coal Information

Coal Production (Updated February 6, 2003)

For the week ended February 1, estimated coal production totaled 20.0 million short tons (mmst), 2.9 mmst lower than in the same week in 2002. Railcar loadings of coal were 8.3% lower than year-ago levels and estimated national coal production was 12.6% lower. The estimated production for the first month of 2003 is 91.4 mmst, 10.05% lower than the 101.5 mmst in January of 2002.

For the year to date, national coal production estimates are 12.2% lower than in 2002 - 8.4% lower west of the Mississippi and 16.6% lower in the East. These percentages are noticeable greater than those for the January-to-January comparison above because the 2003 year-to-date production gained only a Saturday's production on February 1 whereas February 1, 2002, was a full workday. The longer-term comparison, for the 52 weeks ended February 1, 2003, versus the 52 weeks ended February 2, 2002, shows estimated western U.S. coal production in the more recent 52 weeks at 0.1% above the levels of a year earlier. Estimated eastern U.S. coal production in the more recent period, however, is 6.7% below the levels a year earlier. The more recent estimate incorporates coal production survey data of the Mine Safety and Health Administration through the third quarter 2002.

U.S. Monthly Coal Production

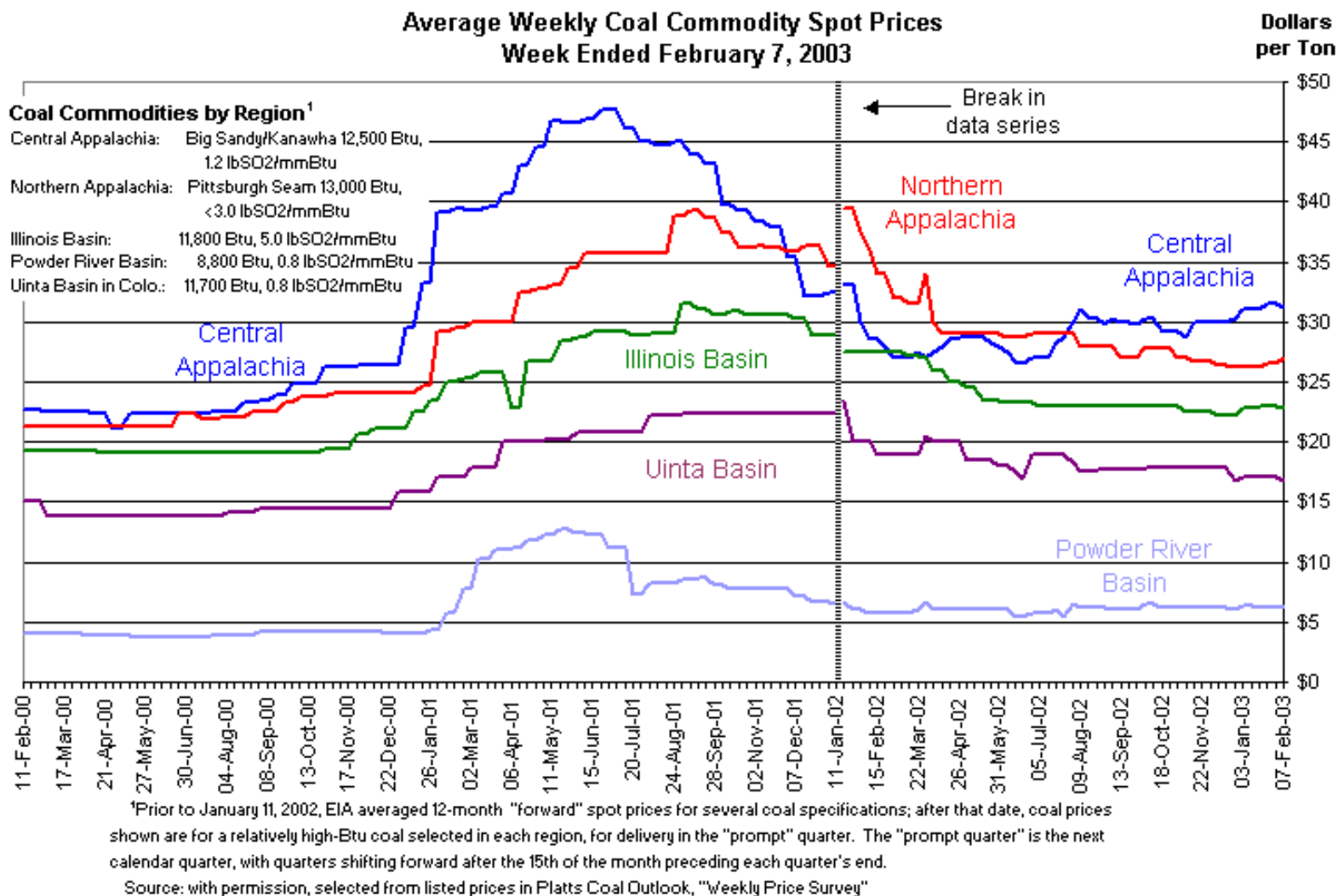


Coal Prices (Updated February 11, 2003)

Spot coal prices tracked by EIA in the over-the-counter (OTC) market were mixed for the week ended February 7 versus the prior week (see graph below). The Northern Appalachian spot price gained \$0.40 per short ton, the Powder River Basin price was unchanged at \$6.20 per short ton, and Central Appalachian, Illinois Basin, and Uinta Basin prices each lost \$0.25 per short ton. After upward price trends in January, this week's prices represent a pause in any trend that may develop. Except for a few sizable transactions during January, traded volumes have been relatively low, so no real momentum is in effect. have generally been upward, no change can be seen as encouraging for coal sellers as long as prices that have risen stay put. It is still early to declare an upward trend in prices because

Coal prices in all supply regions are lower than the peak prices in summer 2001: Central and Northern Appalachian coal prices

are lower by about \$16.50 and \$12.00 per short ton, or 34% and 31% lower, respectively; Powder River Basin coal prices are lower by about \$6.50, or 51%, Illinois Basin coal prices lower by about \$9.00, or 28%, and Uinta Basin coal prices lower by about \$6.00, or 26%. On the other hand, the EIA-indexed spot prices are all above the previous low marks in Summer 2000. The latest prices of \$31.25 per short ton for Central Appalachian and \$27.00 per short ton for Northern Appalachian coal are 40% and 27% higher, respectively; spot prices for Powder River Basin coal are 65% higher; for the Illinois Basin 19% higher; and for the Uinta Basin 22% higher.



Coal futures trading volumes on the [NYMEX](http://www.nyfex.com) became active this week with 45 near-month futures contracts settled and continued the relative trading surge with 45 more trades on Monday, February 10. Settled prices for near-month (March) deliveries remained at \$30.00 per short ton, but rise to \$31.60 per short ton for deliveries in April through June 2003. For the third quarter, 24 trades were reported last Wednesday, at \$32.50 per short ton - \$0.10 higher than on the previous day. In addition, 60 trades were reported for calendar year 2004 deliveries, at \$33.25 per short ton.

Coal Markets (Updated February 4, 2003)

Central Appalachian spot coal trades were centered on Eastern coals, with several near-term train and barge delivery trades, and one Powder River Basin trade for 2004 delivery. NYMEX look-alike coal traded at \$32.75 per short ton, for delivery in the second half of 2003 - considerably higher than NYMEX tender prices (see above).

Meanwhile, the idling of several Appalachian mines recently is likely to affect supplies and raise prices sooner or later. An OTC trader noted that closures of coal mines owned by Horizon Natural Resources, along with general uncertainty over future Appalachian production, was starting to push up prices (Platts Coal Trader, January 29 and 30). Horizon indicated it was continuing its "rightsizing" agenda. About the same time, Georgia Power announced it would purchase no new coal from an earlier Eastern coal solicitation for up to 7 mmst between 2003 and 2006 (Platts Coal Trader, January 30). This week, James River Coal announced the idling of two of its mines, worth 1.2 mmst of production last year, due to low coal prices and "adverse mining conditions" (Energy Argus Coal Daily, February 4). Eastern mine closures in December and January have been both voluntary and involuntary, due to bankruptcy, mine fire, poor returns, and possibly waiting out the low prices.

Consol Energy reported on January 28 that its 2002 net income was \$11.7 million and was down sharply from 2001 (\$151.2 million). The company closed six mines in 2002, with associated equipment removal costs, and also attributed the lower profits to higher mining costs. Not to be overlooked, sales were down as well in 2002 - from 76.5 mmst in 2001 to 67.3 mmst. Consol's Mine 84, which has been closed due to fire several weeks ago is expected to be back at full production by mid-February, but after 0.7 mmst of lost production, worth about \$8 million (Energy Argus Coal Daily, January 29).

"With prices slowly inching up, you're starting to see buyers taking a more proactive approach," one broker said. "That includes locking in some larger commitments in the likelihood that prices, particularly in the East, continue to rise." After several weeks of cold, even below average weather, in the Midwest and East, burn rates increased and some buyers were able to look toward new coal deliveries. Further, with natural gas prices high recently, many industry analysts are expecting spot prices to take an upward trend. During the week ended January 24, Consol Energy entered a 17-year agreement with FirstEnergy to provide 4.5 mmst/year from the expanding McElroy mine in West Virginia. This mine produces coal averaging 13,999 Btu/lb and 3.18% sulfur. Georgia Power issued a new solicitation for PRB coal for up to 4 mmst of coal over 2 years or up to 10 mmst over 4 years. This followed a recent PRB contract Georgia Power awarded for its Scherer station.

Future Coal Supplies (updated February 6, 2003)

On January 29, the Fourth Circuit Court of Appeals ruled in favor of the coal industry and the Department of Justice by overturning Judge Charles Haden's May 2002 ban on new valley fill permits at coal mines in West Virginia and eastern Kentucky. The three-judge panel ruled that the 2002 ruling had been "over broad" and essentially supported the existing policies that the Army Corps of Engineers has followed for many years in issuing fill permits under the Clean Water Act. This action is not, however, expected to result in an immediate increase in new permits. The Corps has not accepted most new applications during the appeal period and the normal 45-day processing time could go to several months if a flood of applications is received.

Further, a new issue has developed during the off time. Last year, the Corps introduced a new impact mitigation policy that applies to both existing and new permits. Under the Nationwide 21 program, the new Corps policy applies to the Central Appalachian coalfields of West Virginia and eastern Kentucky. Operators will be required to save a stream or wetland at another location to compensate for those it fills during coal mine operations, or to pay "in lieu" fees if compensating wetlands cannot be preserved. The most pressing issue related to this is a February 11 deadline, after which no new fill can be done. Under Congressional pressure from the affected States, and now that the Haden ruling has been overturned, the Corps is free to move ahead and may extend the February 11 deadline.

Environmental Update (Updated February 11, 2003)

On January 30, Environmental Protection Agency (EPA) Administrator Christine Todd Whitman announced a report documenting reductions in some acid rain indicators in sensitive ecosystems of the United States (Response of Surface Water Chemistry to the Clean Air Act Amendments of 1990). The data confirm a large decrease in wet sulfate deposition across broad areas of the Northeast and Upper Midwest. The amount of wet sulfate – an acidic anion – deposited to lakes and streams declined by approximately 40 percent in the 1990s. These reduced levels can be linked to declines in emissions of sulfur oxides since implementation of the 1990 Clean Air Act Amendments. Because of differences in geology and soils, however, the rates of decline in sulfate concentrations in precipitation were generally steeper than in surface waters.

This was not unexpected and suggests that in most aquatic systems, sulfate recovery exhibits a somewhat lagged response. Further, the decline in surface waters that were acidic was more modest than the decline in wet sulfate. Just as anthropogenic acidification of surface waters did not take place all at once, recovery to natural levels will require some time. Although the study

shows a ¼ to 1/3 decline in formerly acidic surface waters, the robustness of the change (the “acid neutralizing capacity”) was marginal. The study authors believe their results point toward recovery, forecasting an improvement in biologically relevant surface water chemistry. Other indicators that showed improvement include regional increases in dissolved organic carbon and decreased concentrations of toxic aluminum in some sensitive areas. Nitrogen levels and base cation levels have not yet shown significant improvements. Even if improving, reactions involving these elements may be tied up in soil and native rock chemistry for years before results are seen in surface waters (<http://www.epa.gov/ord/htm/CAAA-ExecutiveSummary-1-29-03.pdf>).

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Latest U.S. Electricity Information

(updated February 25, 2003)

Selected Wholesale Electricity Prices: In the Western United States, higher natural gas prices and an increase in heating demand put upward pressure on electricity prices over the past two trading days. In addition, repair and maintenance outages at several California power plants contributed to the increase in prices. At Mid-Columbia, a benchmark for the Northwest, prices went from \$47.50 per megawatthour on February 20 to a seven-day high of \$74.63 on February 24. At California's NP-15 and SP-15, prices increased to weekly highs of \$78.72 and \$77.63 per megawatthour on February 24, up from weekly lows of \$49.51 and \$51.49 on February 20, respectively.

In the Midwest, prices increased during the last two trading days as colder weather kept customer demand high. Also pushing prices upward, Exelon Corporation's Quad Cities Unit 1, an 820-megawatt nuclear plant located in Cordova, Illinois, reduced its output capacity on February 21 to perform testing on the unit. At the Cinergy Trading Center, prices jumped to a seven-day high of \$81.15 per megawatthour on February 24 after reaching a seven-day low of \$38.14 on February 20.

In the Southeast, prices showed a downward trend from February 19 to February 21 because lower temperatures decreased customer demand. However, significantly higher natural gas prices increased electricity prices on February 24. Prices within the SERC trading area went from \$47.79 per megawatthour on February 21 to a weekly high of \$69.09 on February 24.

In the Northeast, electricity prices were generally higher on February 21 and 24 as colder temperatures increased customer demand. Also, Entergy's Fitzpatrick Unit 1 and Pilgrim Unit 1 were taken off-line for repairs. At PJM West, prices increased to seven-day high of \$82.69 per megawatthour on February 24 from a seven-day low of \$43.33 on February 20. At Nepool, prices soared to a weekly high of \$110.50 per megawatthour on February 24 from a weekly low of \$57.50 on February 20. Again, New York City was the exception, as prices remained at a seven-day high of \$94 per megawatthour from February 20 until February 24.

Over the past seven days, average prices at all trading centers ranged between \$52.13 and \$81.49 per megawatthour with an overall weekly average of \$59.71 per megawatthour.

U.S. Regional Electricity Prices at Major Trading Centers (Dollars per megawatthour)

Trading Centers	Date							Price Range		
	2/14/03	2/17/03*	2/18/03	2/19/03	2/20/03	2/21/03	2/24/03	Max	Min	Average
	Holiday									
COB	49.00	n.a.	49.21	52.00	49.50	53.94	78.67	78.67	49.00	55.39
Palo Verde	49.15	n.a.	49.01	48.88	48.21	54.04	73.56	73.56	48.21	53.81
Mid-Columbia	47.23	n.a.	46.29	48.55	47.50	51.97	74.63	74.63	46.29	52.70
Mead/Marketplace	50.68	n.a.	50.92	51.00	49.85	55.06	79.88	79.88	49.85	56.23
4 Corners	48.43	n.a.	49.00	49.19	48.25	54.25	77.40	77.40	48.25	54.42
NP 15	52.03	n.a.	52.24	52.56	49.51	56.79	78.72	78.72	49.51	56.98
SP 15	52.30	n.a.	52.37	52.22	51.49	57.09	77.63	77.63	51.49	57.18
PJM West	51.42	n.a.	65.67	56.04	43.33	59.33	82.69	82.69	43.33	59.75
NEPOOL	74.25	n.a.	76.15	65.54	57.50	82.00	110.50	110.50	57.50	77.66
New York Zone J	84.00	n.a.	84.00	84.00	94.00	94.00	94.00	94.00	84.00	89.00
Cinergy	39.65	n.a.	49.40	45.00	38.14	55.82	81.15	81.15	38.14	51.53
SERC	46.39	n.a.	49.95	49.59	48.29	47.79	69.09	69.09	46.39	51.85
Average Price	53.71	n.a.	56.18	54.55	52.13	60.17	81.49	81.49	52.13	59.71

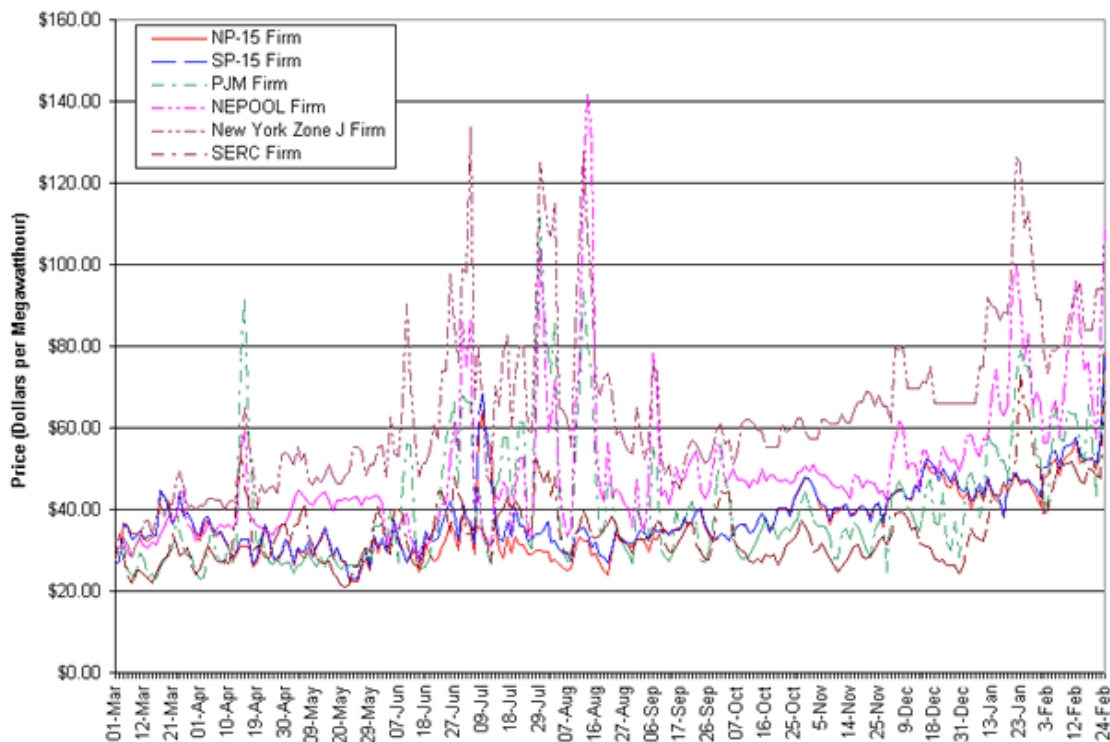
Sources: COB, Palo Verde, Mid-Columbia, Mead/Market Place, Four Corners, NP-15, SP-15, PJM-West, NEPOOL, New York Zone J, Cinergy, and SERC trading centers. Used with permission from Bloomberg L.P. (www.bloomberg.com).

COB: Average price of electricity traded at the California-Oregon and Nevada-Oregon Borders.
Palo Verde: Average price of electricity traded at Palo Verde and the West Wing, Arizona.
Mid-Columbia: Average price of electricity traded at Mid-Columbia.
Mead/Market Place: Average price of electricity traded at Mead Market Place, McCullough and Eldorado.
Four Corners: Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.

NYC/Zone J:	Average price of electricity traded at New York Zone J, New York City and Long Island.
Four Corners:	Average price of electricity traded at Four Corners, Shiprock, and San Juan, New Mexico.
NP-15:	Average price of electricity traded at NP-15.
SP-15:	Average price of electricity traded at SP-15.
PJM-West:	Average price of electricity traded at PJM Western hub.
NEPOOL	Average price of electricity traded at Nepoch.
New York Zone J:	Average price of electricity traded at the New York Zone J - New York City.
Cinergy:	Average price of electricity traded into the Cinergy control area.
SERC:	Average price of electricity traded into the Southeastern Electric Reliability Council.

***Bloomberg did not publish a Power Lines Report for February 17 because of the President's Day Holiday.**

Average Wholesale Electricity Prices in the U.S.



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